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May 4, 2007

Submitted via e-mail to: maharvey@deq.virginia.gov

Ms. Monica Harvey
Virginia Department of Environmental Quality
629 East Main Street
P.O. Box 1105
Richmond, VA 23218

Re: Draft Order(s) for the Potomac River Generating Station

Dear Ms. Harvey:

Edison Electric Institute (EEI) is aware that the Virginia State Air Pollution Control Board (Board) and Department of Environmental Quality (DEQ) are considering revisions to the state operating permit for Mirant's Potomac River Generating Station (PRGS), located in Alexandria, Virginia. EEI urges the Board and DEQ to adopt a permit that allows the plant to operate in a manner consistent with environmental regulatory requirements, without jeopardizing the reliability of the electric grid. EEI submits the following comments in response to the Board's request for public input on: a draft consent order between the DEQ and Mirant, and; a proposed draft order from the City of Alexandria.

EEI is the association of U.S. shareholder-owned electric companies. Our members, including Mirant, serve 95% of the ultimate customers in the shareholder-owned segment of the industry, and represent approximately 70% of

the U.S. electric power industry. We also have as Affiliate members more than 65 international electric companies and as Associate members more than 170 industry suppliers and related organizations.

EEl supports the proposed consent order, agreed to by the DEQ and Mirant. This agreement would ensure that the plant demonstrates compliance with all environmental regulatory requirements, while continuing the plant's crucial role in maintaining electric reliability in the region. Conversely, EEl does not support a proposed consent order by the City of Alexandria. This proposal contains restrictive provisions, beyond those necessary to meet all state and federal environmental requirements, and could prohibit PRGS from fulfilling the requirements of an order from the U.S. Department of Energy (DOE) that would ensure electric reliability in the region.

The proposed consent order, agreed to by DEQ and Mirant, should resolve the concern regarding potential short-term, local exceedances of the National Ambient Air Quality Standards (NAAQS), by allowing Mirant to proceed with a project to reconfigure and merge the stacks and exhaust system. This project will increase the exhaust stack velocity. High stack discharge velocity (and temperature) increases plume height and thus effective stack height. This in turn aids in dispersion of exhaust gases, and reduces downwash and ground level concentrations. In addition to the stack merge project, the proposed consent order would require Mirant to: 1) meet tough emission limits for sulfur dioxide (SO₂), particulate matter, carbon monoxide, volatile organic compounds, and fugitive dust; 2) operate under a strict daily predictive emissions modeling protocol (based on National Weather Service predictions along with planned operating parameters); 3) monitor actual ambient SO₂ concentrations and utilize an audible monitor alert system set at 80% of the NAAQS; 4) conduct follow-up computer modeling of ambient air concentrations of pollutants using actual weather conditions and operating parameters; and 5) submit bi-weekly predictive modeling reports/data to DEQ and EPA. These combined provisions, in addition to numerous other operating conditions, ensure that PRGS will operate and comply with all applicable state and federal environmental regulations.

The operation of PRGS impacts the reliability of electricity for the Washington, D.C., metropolitan region. This will be particularly the case in the coming months, when transmission line work will be undertaken by Pepco. In addition, it is noteworthy that the PJM Interconnection (PJM), which operates the region's power grid and wholesale electric markets, is a summer peaking system. In fact, PJM's all-time peak demand of 144,644 MW was set last summer, on August 2, 2006, representing an 8.1% increase over the summer peak demand in 2005.¹ This increase was the result of extremely hot weather combined with increased demand for electricity in the region. These circumstances can significantly limit the amount of generation capacity in reserve and require that existing generating facilities in the region are available to meet demand. As noted by DOE, restricting the operation of PRGS could increase the likelihood of a blackout in the area, with potentially significant concomitant health and environmental impacts.² As such, EEI recommends that the Board take steps to ensure that the operating permit for PRGS does not unduly restrict its operations, especially during the summer months or until such time that Pepco completes its transmission line work.

In closing, EEI requests that the Board finalize the proposed consent order, agreed to by the DEQ and Mirant, to ensure compliance with environmental requirements and to protect electric reliability in the region.

Sincerely,

Steven B. Lomax
Manager, Air Quality Programs

Cc: Members of the State Air Pollution Control Board (apcb@deq.virginia.gov)
Mr. David Paylor, Director, Virginia DEQ (dkpaylor@deq.virginia.gov)

¹ Federal Energy Regulatory Commission. See, <http://www.ferc.gov/market-oversight/mkt-electric/pjm.asp>

² U.S. Department of Energy. Special Environmental Analysis For Actions Taken under U.S. Department of Energy Emergency Orders Regarding Operation of the Potomac River Generating Station in Alexandria, Virginia. November 2006.